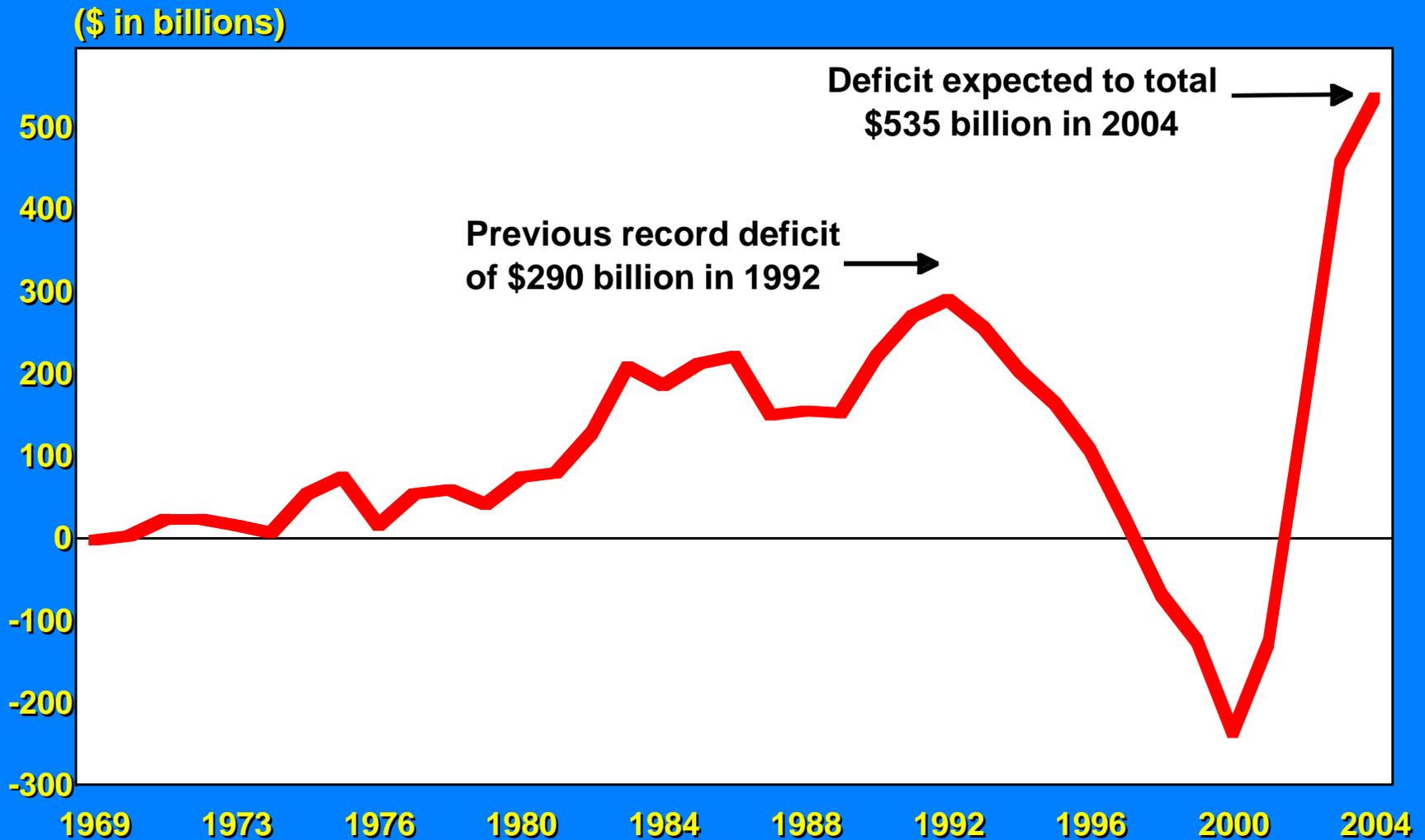
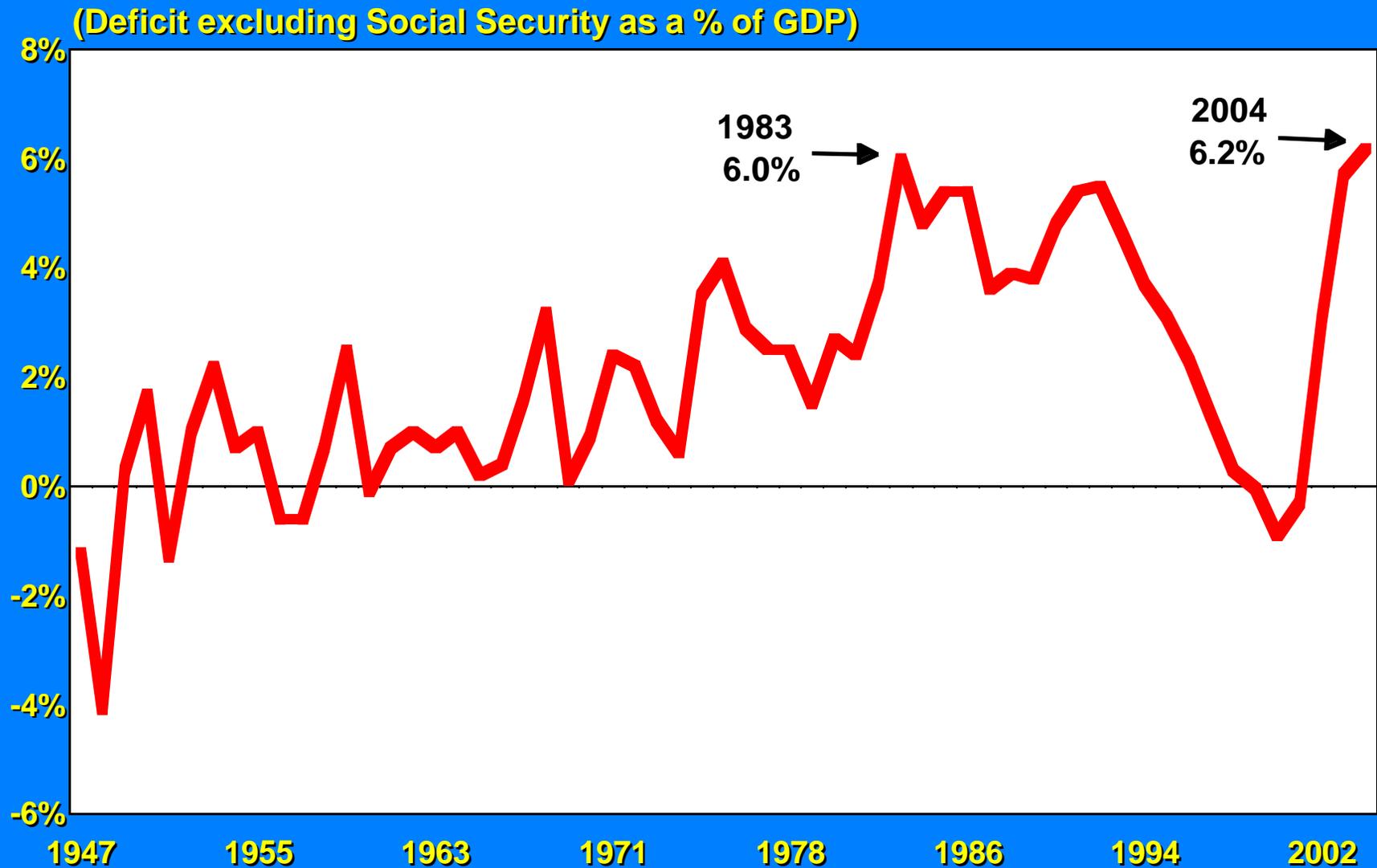


Deficit This Year and Next Will Far Exceed Previous Record in Dollar Terms



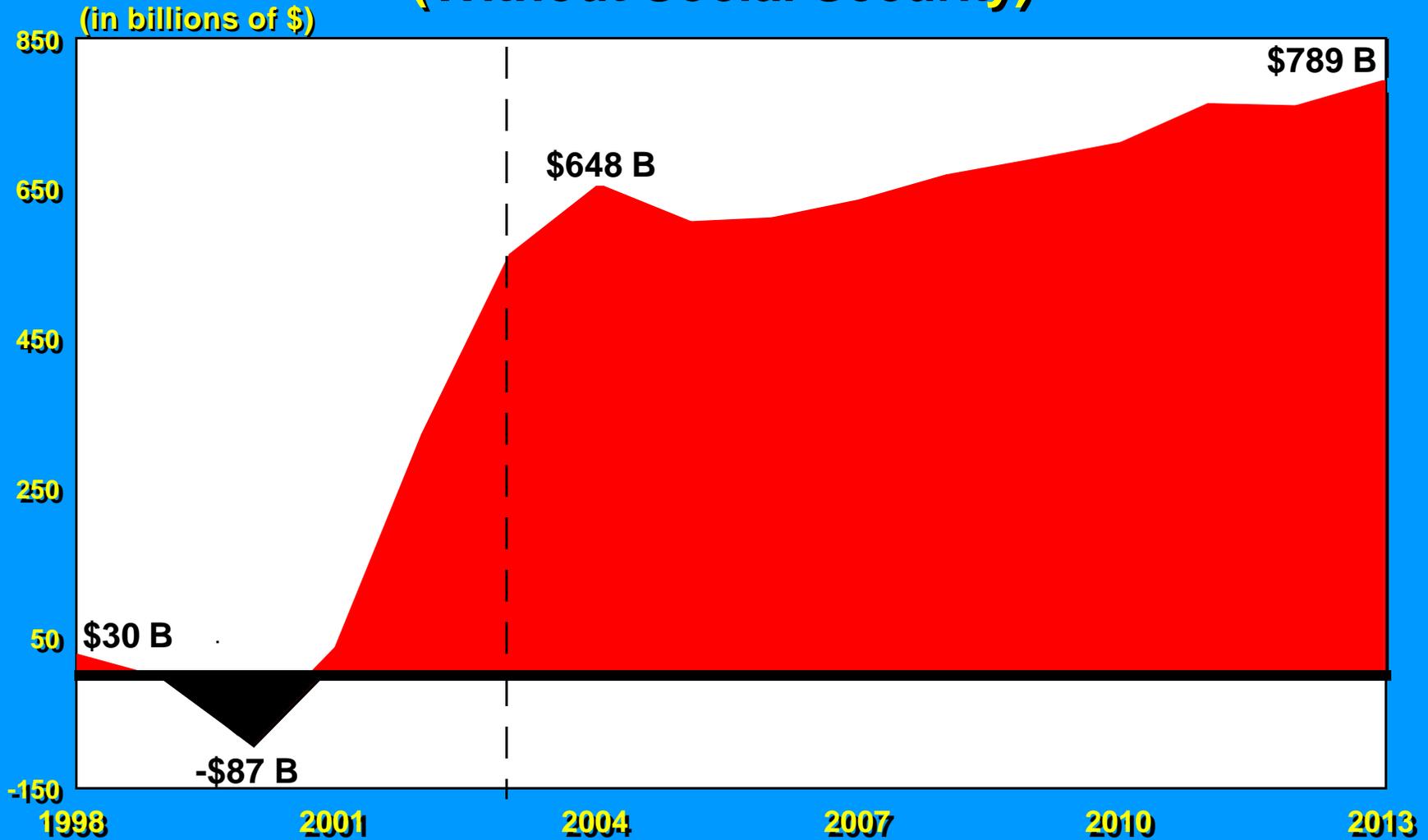
Source: OMB

Deficit as a Share of Economy Hits Highest Level Since End of World War II



Source: OMB

SkYROCKETING Deficits, Including Additional Budget Policies (Without Social Security)

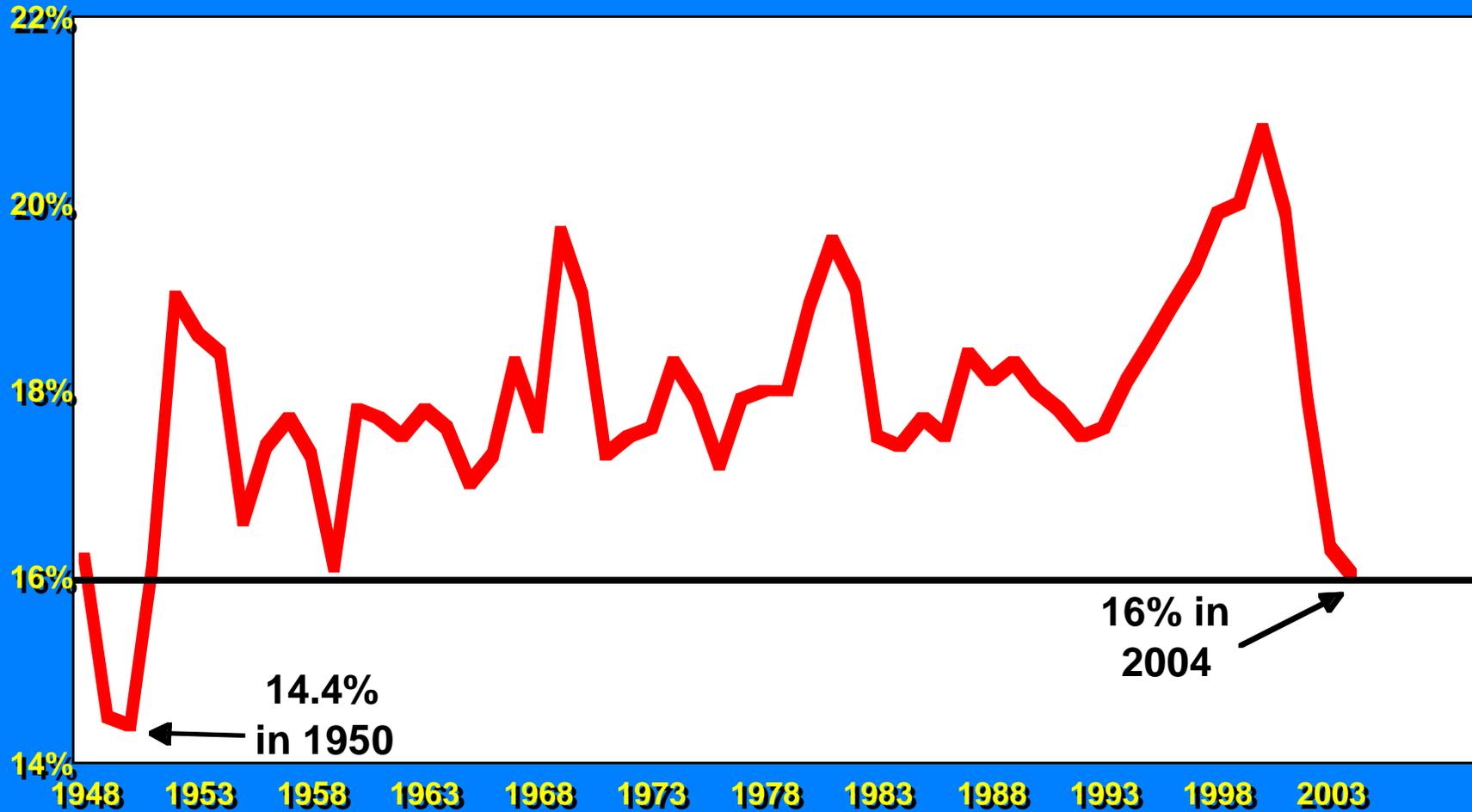


Source: CBO

Note: Includes CBO estimates of the extension of expiring taxes, AMT reform, and a prescription drug benefit.

Revenues as a Percent of GDP

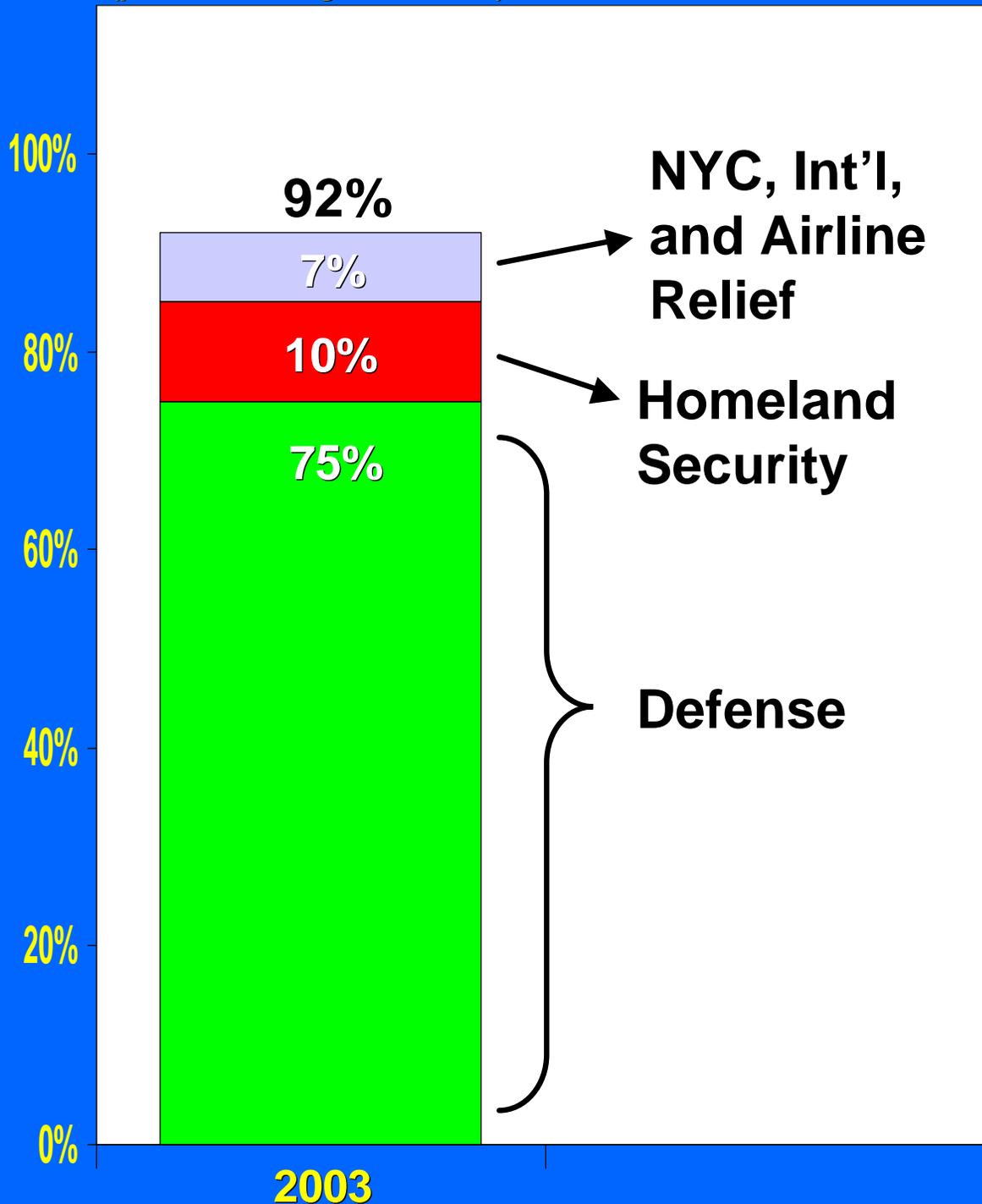
Lowest Level Since 1950



Source: OMB

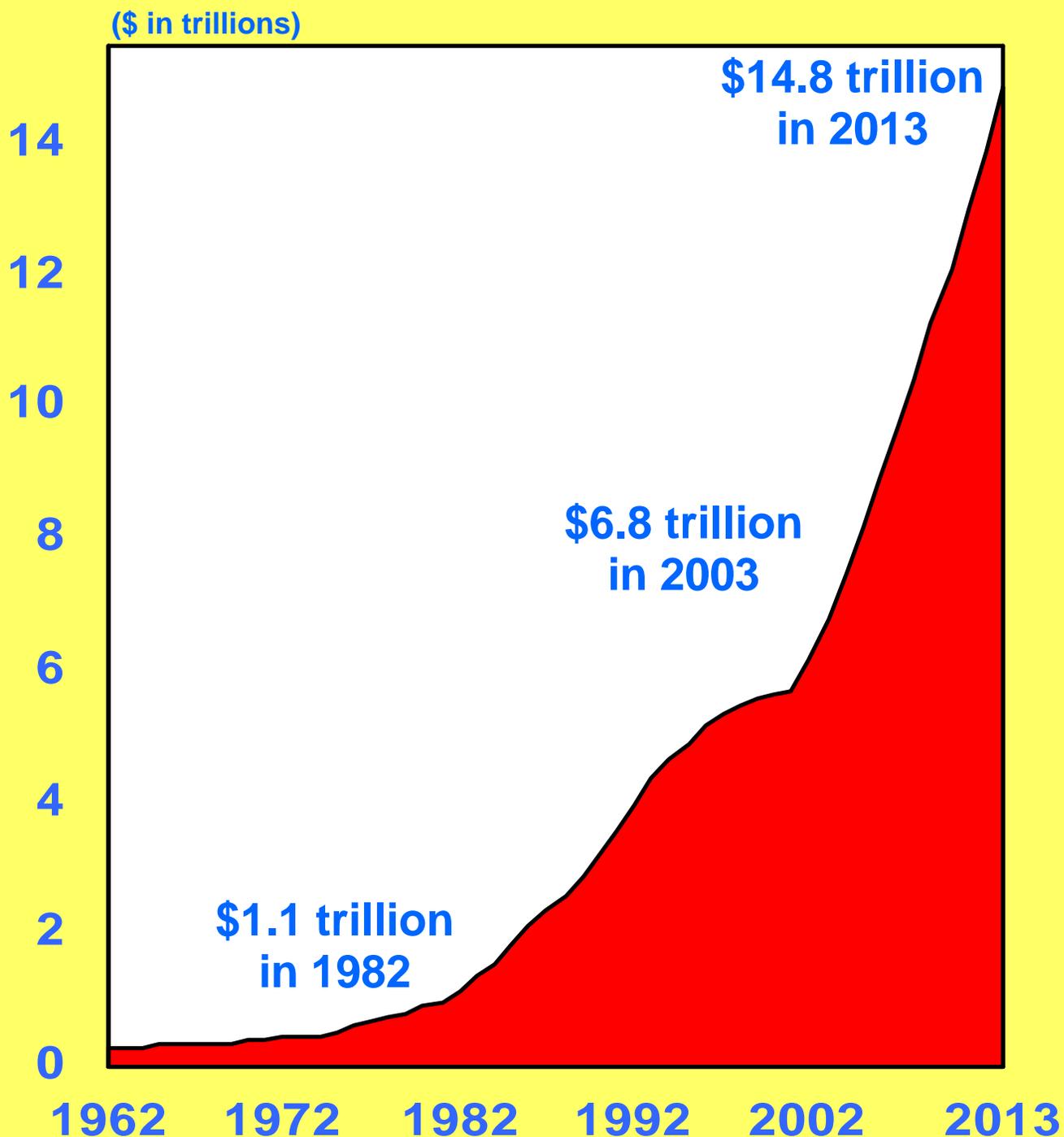
Defense, Response to Attacks of Sept. 11, and War in Iraq Are Behind Increase in Discretionary Budget Authority in 2003

(percent of change in disc. BA)



Note: Compares CBO's January 2001 and August 2003 baselines for 2003.
Source: CBO and Senate Budget Committee, Democratic Staff.

Gross Federal Debt With Additional Budget Policies

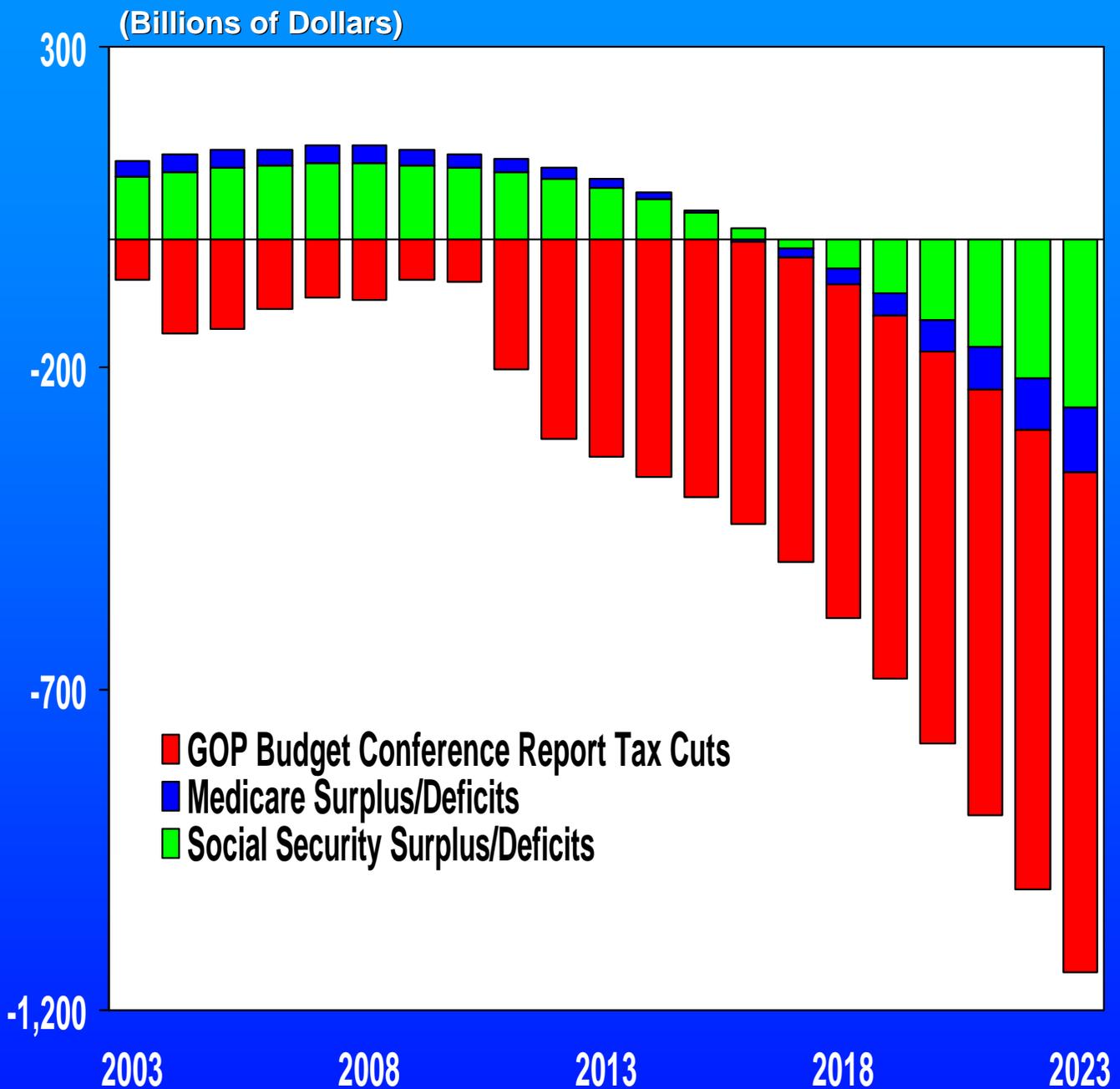


Source: CBO, Senate Budget Committee

*Additional policies include CBO estimates of the extension of expiring taxes, AMT reform, and a prescription drug benefit.

Tax Cuts Explode as Trust Fund Cash Surpluses Become Deficits

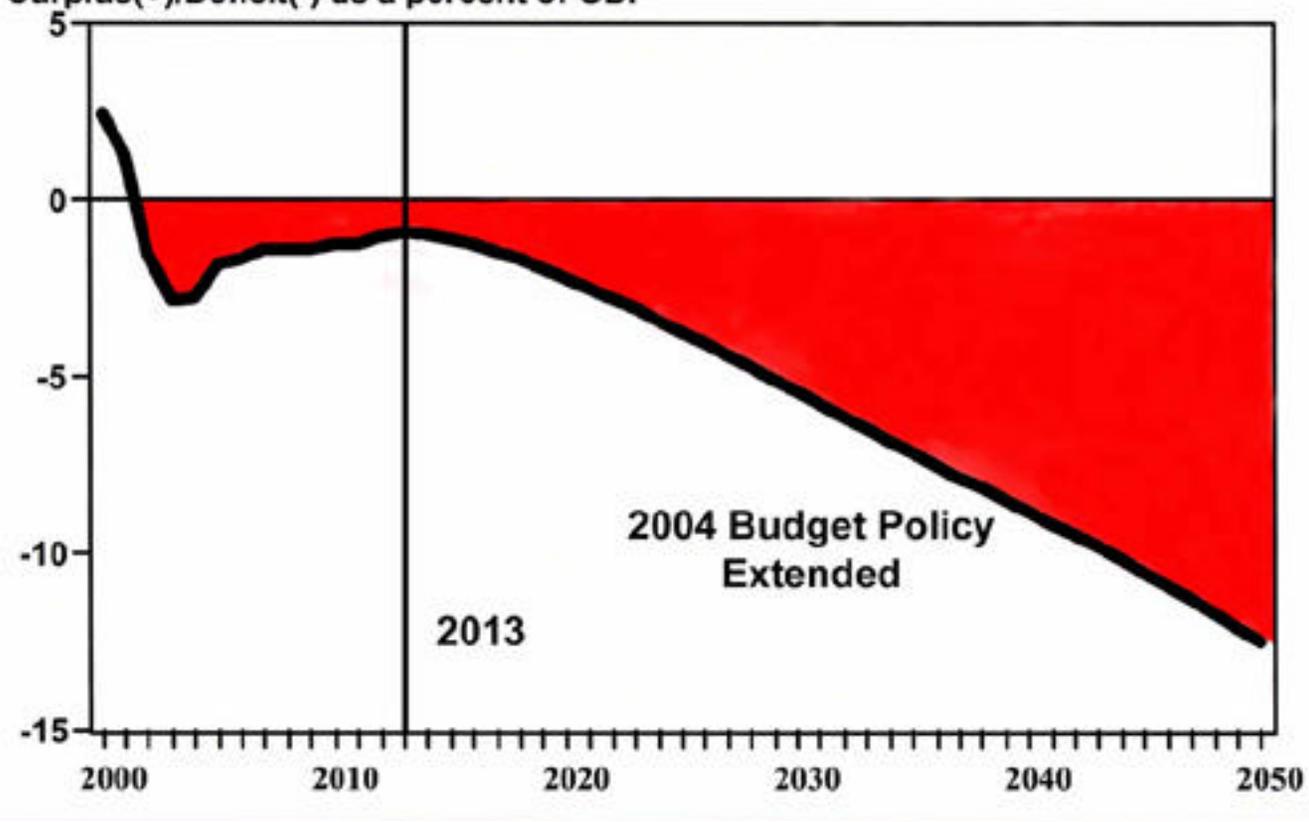
FY 2003-2023



Source: 2002 Trustees Report, CBO, and Senate Budget Committee Staff
 Note: Tax cut includes associated interest costs.

The Next Ten Years: The Budget "Sweet" Spot

Surplus(+)/Deficit(-) as a percent of GDP



Source: President's Budget for FY 2004, Analytical Perspectives, p. 43.

CBO Warns of Dangers of Current Fiscal Course

“This course prompted the Congressional Budget Office to issue an unusual warning in its forecast last month: If Congressional Republicans and the administration get their wish and extend all the tax cuts now scheduled to expire, and if they pass a limited prescription drug benefit for Medicare and keep spending at its current level, the deficit by 2013 will have built up to \$6.2 trillion. Once the baby boomers begin retiring at the end of this decade, the office said, that course will lead either to drastically higher taxes, severe spending cuts or ‘unsustainable levels of debt.’”

–*New York Times*, “Dizzying Dive to Red Ink Poses Stark Choices for Washington”

By David Firestone
September 14, 2003

CED, Concord Coalition, and CBPP Warn of Dangers of Current Fiscal Course

“To get a sense of the magnitude of the deficits the nation is likely to face without a change in policies, consider that even with the full economic recovery that CBO forecasts and a decade of economic growth, balancing the budget by the end of the coming decade (i.e., in 2013) would entail such radical steps as:

- raising individual and corporate income taxes by 27 percent;
- or eliminating Medicare entirely;
- or cutting Social Security benefits by 60 percent;
- or shutting down three-fourths of the Defense Department;
- or cutting all expenditures other than Social Security, Medicare, defense, homeland security, and interest payments on the debt - including expenditures for education, transportation, housing, the environment, law enforcement, national parks, research on diseases, and the rest - by 40 percent.

Beyond the next decade, the trade-offs become even more difficult.”

– **Joint Statement by Committee for Economic Development, Concord Coalition, and Center on Budget and Policy Priorities**
“The Developing Crisis - Deficits Matter”
September 29, 2003

Bush Administration Downplayed Cost of Iraq Reconstruction

“And Iraq, unlike Afghanistan, is a rather wealthy country. Iraq has tremendous resources that belong to the Iraqi people. And so there are a variety of means that Iraq has to be able to shoulder much of the burden for their own reconstruction.”

**–White House Press Secretary Ari Fleischer
Press Briefing
February 18, 2003**

Bush Administration Downplayed Cost of Iraq Reconstruction

“The oil revenues of Iraq could bring between \$50 and \$100 billion over the course of the next two or three years...We’re dealing with a country that can really finance its own reconstruction, and relatively soon. ”

**– Deputy Secretary of Defense Paul Wolfowitz
Testimony Before House Appropriations
Subcommittee on Defense
March 27, 2003**

Bush Administration Downplayed Cost of Iraq Reconstruction

“That’s correct. 1.7 billion [dollars] is the limit on reconstruction for Iraq.... In terms of the American taxpayer contribution, that is it for the US. The rest of the rebuilding of Iraq will be done by other countries and Iraqi oil revenues.”

**–USAID Administrator Andrew Natsios
ABC’s “Nightline” with Ted Koppel
April 23, 2003**

Bush Administration on Iraq Reconstruction Funding Request

**“What we’re focused on in
the \$20 billion is the urgent
and essential things.”**

**–U.S. Administrator in Iraq Paul Bremer
Pentagon Briefing
September 26, 2003**

HERE AND THERE

A Comparison of the Bush Administration's Iraq Reconstruction Package

IRAQ	UNITED STATES
<p>\$6,000 per radio/telephone <i>The Bush Administration has requested \$3.6 million for 400 handheld radios and 200 satellite phones at an average cost of \$6,000 each.</i></p>	<p> \$495 – Cost of satellite phone</p> <p> \$54.99 – Cost of walkie-talkie radios</p>
<p>\$33,000 per pickup truck <i>The Bush Administration has requested \$2.64 million for 80 pick-up trucks at a cost of \$33,000 each.</i></p>	<p> \$15,454 – Cost of an award-winning American truck</p>
<p>\$50,000 per prison bed <i>The Bush Administration has requested \$400 million to build two 4,000 bed prisons for a cost of \$50,000 per prison bed.</i></p>	<p> \$14,000 – Rough cost per bed of building new prison</p>
<p>\$10,000 per month for business school <i>Administration has requested \$20 million to teach a 4-week course business course at a cost of \$10,000 per student.</i></p>	<p> \$4,000 – Per month tuition at a top American business school</p>
<p>\$200,000 per protected witness <i>The Bush Administration has requested \$100 million to protect 100 families with average of 5 members per family.</i></p>	<p> \$10,273 – Cost per witness for protection in the U.S. Federal Witness Protection</p>
<p>\$333 for 30 half days of computer training <i>The Bush Administration requested \$40 million for a \$333per-person, per-month half day computer course.</i></p>	<p> \$200 – Cost of 6 month computer course at American community colleges</p>